

MANAGEMENT INFORMATION SERVICE

CONDUCTED BY THE
INTERNATIONAL CITY MANAGERS' ASSOCIATION

1313 East 60 Street, Chicago 37, Illinois

Report No. 193

February, 1960

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REVISING AND ADMINISTERING A BUSINESS LICENSE CODE

What types of business licenses are issued by cities? What are the legal considerations affecting business license ordinances? On what principle should rates be based? How should a business license code be administered? What provisions should be included in a code?

The licensing of businesses, professions, and occupations is of continuing concern. Previous MIS reports have dealt with particular licenses or specific problems of licensing.¹ The purpose of this report is to summarize the problems of licensing businesses by (1) clarifying the types of licenses; (2) pointing out the different reasons for revision and legal restrictions upon licensing; (3) discussing the steps in revising a license code; (4) setting forth different types of rate structures; (5) highlighting the problems of administration, and (6) providing an outline for a business license code. The report does not discuss specific businesses or occupations, except as examples, nor building permits. Twenty-four cities, acknowledged at the end of this report, provided current information on license ordinances and procedures.

Types of Business Licenses

Business licenses are of two basic types: licenses issued primarily for regulation and licenses issued primarily for revenue. Both types of licenses are discussed in this report.

Licenses issued for regulation are based on the police power of protecting the public safety, health, and general welfare. Regulatory licenses are issued only after certain requirements as to personal qualifications of the applicant and operating standards for the business are fulfilled.

Revenue licenses, based on the taxing power, confer a privilege to operate a business or practice an occupation for a specific period and are not related directly to the public safety, health or general welfare.

Definition of Terms

Several terms appear in almost all business license ordinances. Frequently these terms are used interchangeably and are frequently synonymous. For the purpose of this report a delineation of these terms follows:

Business License. *Black's Law Dictionary* defines "license" as the granting of "permission to do a particular thing, to exercise a privilege, or to carry on a particular business, or to pursue a certain occupation." The definition is sufficiently broad to cover almost any activity, and an agreed-upon definition of "business license" is lacking. For this report a "business license" denotes the existence of several conditions: (1) a business or occupation is required to pay monies to the city government; (2) the monies paid, in effect, purchase the right to operate the business or practice the occupation; and (3) restrictions may or may not be placed upon the licensee, be it person, firm, or corporation, as to the method of conducting a business or practicing an occupation. The word business also includes occupation.

¹MIS reports on licensing are (1) No. 59, *Administration of Business Gross Receipts Taxes*, December, 1948; (2) No. 94, *Administration of Licenses and Permits*, November, 1951; (3) No. 95, *Administration of Regulatory Inspectional Activities*, December, 1951; (4) No. 143, *Regulation of Charitable and Religious Solicitations*, December, 1955; (5) No. 145, *Regulation of Peddlers, Solicitors, and Itinerant Merchants*, February, 1956.

The terms "license" and "permit" frequently are used interchangeably. No precise distinction is possible. However, a permit, like a license, authorizes a privilege, but it usually is related to special changes or deviations from the norm. It is always based on the police power, and can be a prerequisite to obtaining a license.

At times "license" and franchise are used interchangeably. This is not correct. A franchise contract which appropriates public property for private use for the provision of an essential community service.

Business License Tax. When a license is primarily issued as a revenue measure, the term "license tax" is appropriate. It emphasizes that a license is purchased simply to obtain the privilege of operating a business or practicing an occupation. The term "privilege tax" is synonymous.

Business license taxes are not to be confused with other business taxes. Such taxes as a municipal income tax or a tax on gross premiums of insurance companies are not based on privilege, but on a license issued.

Business License Fee. The term "license fee" is used primarily in connection with regulatory licenses. It is a means of distinguishing between the two basic types of business licenses. However, it should be cautioned that the courts do not always recognize this distinction. The California Supreme Court says the terms are interchangeable.

"License tax" under a strict and technical construction of the term probably includes only charges for the purpose of raising revenue.... It has been said by some authorities in other states that a license fee or charge imposed solely for regulatory purposes is in no proper sense a tax.... But the term "license tax" has often been used.... Including license charges imposed for regulatory purposes and we have no doubt that in its popular measuring it includes any charge imposed for a license whether the object be regulation or revenue or both regulation and revenue.

For this report, the distinction between fee and tax will be used.

Types of Businesses and Occupations Licensed

The types of businesses and occupations licensed vary greatly. Some cities license all businesses; others establish a specific list; and still others license only a few.

The importance of licensing for revenue ranges from approximately 75 per cent to less than 10 per cent of a city's total revenue. To ascertain the fiscal importance of licenses, MIS made a check of 16 cities located in the East, South, Midwest, and West. The median average is approximately 10 per cent of total revenue for the 12 cities licensing for revenue. For the four cities licensing for regulation, the percentage of total revenue was below 5 per cent. Studies limited to a particular state conducted by leagues and research bureaus support the above figures, with the average percentages being slightly smaller.

A partial listing of business and occupations licensed by municipalities, as shown in Figure 1, indicates the broad coverage of licensing ordinances.

Reasons for Revising a Business License Ordinance

A city might undertake the revision of a business license ordinance for a number of reasons, some of which stress the importance of updating ordinances and codes. Most cities have some licensing requirements, yet few have modernized their ordinances. A study of California cities reported that most ordinances were drafted in the 1940's, the 1930's and even the 1920's.² Any city that has not reviewed its licensing requirements since 1950 should determine the need for revision by asking the following questions:

1. *Do inequities exist within the present licensing framework?* Inequities can exist not only in rates but as to coverage. The growth and change of business groups within a community can

²League of California Cities, *Business License Taxes* (Berkeley: The League, 1957), p. 1.

Commercial Amusement Licenses

Bowling alleys	Dance halls
Boxing exhibitions	Fakirs
Boxing schools	Pool parlors
Cabarets	Shows, exhibitions and entertainments
Carnivals	Shooting galleries
Circuses	Skating rinks
Dances	

Health and Safety Licenses

Apartment houses	Ice cream establishments
Boarding houses	Laundries
Barber shops	Meat markets
Beauty parlors	Milk dealers and stores
Confectionery stores	Plumbers
Food handlers	Poultry dealers
Fruit and vegetable stands	Slaughter houses
Hotels	Soda fountains

Manufacturing Licenses

Bottling works	Rendering plants
Chemical works	Soap works
Packing plants	

Merchandising Licenses

Clothing stores	Dry goods stores
Commission merchants	Magazine and book shops
Department stores	Newsdealers

Professional and Occupational Licenses

Accountants	Insurance agents
Attorneys	Itinerant musicians
Auctioneers	Junk dealers
Bill distributors	Nurses
Brokers	Pawn brokers
Engineers	Physicians
Fortune tellers	Second-hand dealers
Hawkers	Truck peddlers
Hucksters	Transient merchants

Transportation Licenses

Baggagemen	Expressmen
Buses	Taxicabs
Bus drivers	Taxi drivers
Cartmen	Trucks

Source: A. M. Hillhouse and Muriel Magelssen, *Where Cities Get Their Money* (Chicago: Municipal Finance Officers Association, 1946), p. 27.

Figure 1 — Partial List of Business Licenses

sily cause inequities in an old ordinance. When licensing for revenue, as in the case of all taxation, rates ideally should be determined so that the incidence of the tax is distributed equitably. Beverly Hills, California, revised its ordinance principally because of "glaring inequities, not only between types of businesses but within classification of the same type of business."

A number of existing business license ordinances fail to cover all businesses. This situation can develop, whether the purpose is for revenue or regulation, because the ordinance is too specific in coverage, eliminating new but similar businesses, and because the ordinance is based on an old statute since enlarged upon.

Park Ridge, Illinois, which revised its ordinance in 1958, reported: "A review of the business license structure revealed that less than one-half of the business establishments in the city were being required to purchase an annual license, based on an old interpretation of Illinois statutes, and there was little evidence of reasonable or uniform standards establishing those fees which were levied."

2. *Are ordinance provisions cumbersome or antiquated in light of present-day conditions?* The manner in which an ordinance is drafted can cause unnecessary administrative expenses and confusion both to those charged with administration and to those to be licensed. Factors to consider are complexity of the fee schedule, responsibility for administration, and number of specific types of licenses.

Beverly Hills, prior to revision, had 18 different fee schedules to administer. Tacoma, Washington, revised its ordinance provisions on regulatory licenses in 1953 in order to provide an improved administrative structure. In 1953 the license and tax division were consolidated; in 1958 the tax division was reorganized. Wheeling, West Virginia, in 1958 revised its ordinance to reduce the number of specific businesses listed; for example, licenses for soft drinks, restaurants, and cigars were combined into a general store license.

3. *Can revenues be increased by revising the business license ordinances?* When business licenses are levied for revenue, several factors should be considered.

The license rates are determined by public policy as to what revenue sources will be utilized and to what extent. In reviewing the rate schedule, consider whether it reflects population growth, rising prices, and economic expansion.

Business licenses for regulation offer less opportunity for increasing revenue because such licenses are theoretically based on the cost of regulation (see sections below on "Legal Considerations" and "Rate Structure"). But a careful study of the costs of administering regulatory licenses in relationship to revenue received may result in a justifiable increase in fees. Portland, Maine, levies license fees of \$25 per year for pawn brokers and junk yards, but reports operating costs respectively of \$306 and \$47 per business per annum. Saginaw, Michigan, which licenses for regulation only, made a study in 1959 which showed that licenses for bakeries, retail candy stores, dance schools, stationary firemen and engineers, retail food stores, milk plants, and several other businesses cost more to administer than was received in fees.

4. *Are present licensing requirements in conformity with state law?* State constitutions, statutes, and court decisions affect the validity of any ordinance. Legislatures change laws, and courts frequently enlarge or narrow their application. To insure that its business license tax was valid, Anaheim, California, found it necessary to stipulate in the ordinance that the business license fees were primarily for revenue and not for regulatory purposes.

Procedures for Revising a Business License Ordinance

A suggested procedure for revision is set forth, based on the experience of eight cities that have revised their ordinances since 1950.³

³Anaheim and Beverly Hills, California; Columbia, South Carolina; Park Ridge, Illinois; Petersburg, Virginia; Saginaw, Michigan; Tacoma, Washington; and Wheeling, West Virginia.

Assign Primary Responsibility

The first step is to assign to one person the primary responsibility for developing initial recommendations for the chief administrator's review and transmittal to council. The assignment of one individual does not mean he operates in a vacuum; whoever is assigned primary responsibility must call upon and coordinate the work of others. Persons who might be involved are the administrative assistant to the manager, city clerk, city attorney, finance director, and line department heads administering license provisions. The most often selected person by the cities surveyed is either the administrative assistant, the finance director, or the city attorney.

Beverly Hills, California, reported a method of revision worth noting. The city council established a citizens' advisory committee to study and make recommendations for license code revision. The chamber of commerce recommended persons for appointment to the committee. Administrative officer John B. Wentz states: "The finance department was basically responsible for research, revision, and development of initial recommendations.... The finance department [however] participated only from a standpoint that it was the technically qualified organization within the city structure to do the work, and it did it on behalf of and reported to the citizens' committee." Business license revision is the type of subject that an advisory committee might be helpful on (see MIS Report No. 130, *Use of Citizen Advisory Committees*, November, 1954).

Determine Legal Authority

All state legislatures have enacted statutes granting and restricting the power to license. Some states grant the power to license both for revenue and regulation, while others restrict the power to regulation only.

In determining legal authority state statutes are not the only source of power or restriction. Court interpretations of statutes should not be overlooked. Often the court will narrow or enlarge upon what appears to be the meaning of a law. A New Jersey state supreme court case illustrates this. Under the home rule act of 1918 and the constitution of 1947 it was considered possible for New Jersey cities to license for revenue, and a number of such ordinances were passed. However, in the case of *Weiner v. Borough of Stratford*, the court narrowly interpreted the constitution and statute by limiting the licensing power to regulation of businesses described within state law.⁴

City charters, particularly in home rule states, should be studied for legal authority. State law permits California cities to license for revenue, but the San Francisco charter prohibits license taxes upon "any seller or manufacturer of goods, wares, or merchandise operating at a fixed place of business in the city and county" except for regulatory purposes.

Determine of Basic Policy

Before the actual ordinance and rate schedule are developed, it is wise to obtain agreement on basic policy among officials and councilmen. Questions that should be answered are the principle upon which the rates will rest, the basic rate structure, and the extent of coverage.

There should be agreement as to whether the rates will be based on benefit received, cost of regulation, or ability to pay, or a combination. Prior agreement will save time in review of the final ordinance. The principle upon which the rate structure rests limits the total revenue possible and influences the actual rate per business. In other words if the basis is regulation, rates cannot exceed the cost of regulation, whereas if the basis is ability to pay, rates rest upon the economic condition of particular business classifications and the amount of revenue needed which can equitably be charged against business. When an understanding of the base is obtained early (whether or not established by state law), review of specific rates can be done within the agreed-upon framework.

It is next necessary to determine the method of levying rates. At least 20 ways of determining the specific amount of a license can be used. To develop a rate structure without agreement as to method could necessitate revising the entire structure.

⁴Mortimer Newman, "What Businesses May Be Licensed By Municipalities," *New Jersey Municipalities*, May, 1955, pp. 27-28.

The extent of coverage is another element that should be considered early. State law again may limit the choice, but it is desirable to obtain agreement on this point. If the license ordinance is for regulation, what businesses will be included? If for revenue, will all occupations and businesses be licensed? Will the ordinance combine both revenue and regulatory provisions?

In Park Ridge, Illinois, the assistant city manager was assigned primary responsibility of developing a business license ordinance. He sent a memorandum to the city manager setting forth the following: (1) legal authority for licensing, (2) principles upon which rates should be determined, (3) method of levying specific rates, and (4) businesses to be covered. This memorandum was approved by the manager and transmitted to council. The council discussed it as a committee of the whole. Although taking no formal action, council indicated its basic approval of the policy set forth. It was felt by the assistant city manager that this prior understanding eliminated a great deal of discussion on the final ordinance, much of which might have been in a vacuum.

Detailed List of Businesses

The next step is to compile a complete list of businesses that are subject to licensing based on the initial agreement as described above. Many departments of a city can help, particularly those departments with businesses requiring regulation. The records of the water department, or other utility, are helpful in identifying businesses. Phone books, assessors' records, and business directories are also helpful. Businesses should be listed as to type and subtype. Without such a list, a comprehensive rate structure cannot be developed.

Determining Rates

Next is development of an equitable rate structure for the businesses listed, based on the policy decision discussed above. The basic factors in determining actual rates are: (1) cost of administration; (2) benefits received; and (3) ability to pay, based on profit margins of a particular business classification.

Consult with Businesses

It is wise to contact businesses that are going to be licensed. First, it gives the city administration the opportunity of explaining the need for revision, the objectives, and methods of obtaining approval. This can eliminate misunderstanding at the time the council gives the ordinance final consideration. Second, business community cooperation makes it easier to obtain needed information. When the ordinance is for revenue alone, profit margin information can be helpful; when for regulation, information about operating problems can be helpful in determining fair standards of operation.

Seven out of the eight cities reporting to MIS which have revised their ordinances since 1950, have consulted with the business community. The one city, Portland, Maine, not contacting business groups, revised its license ordinance in conjunction with a general recodification of all ordinances. The experiences of these cities indicate several ways of approaching business.

First is the citizen advisory committee approach as done in Beverly Hills. This committee, representing the business community, held several hearings during the process of developing recommendations for council action.

Second, the administration contacts representatives of the business community through such organizations as the chamber of commerce. Officials of Park Ridge, Illinois, held several meetings with the chamber of commerce to present the city's thinking and to solicit comments.

Third, a series of public hearings can be held, preferably on an informal basis. Columbia, South Carolina, reports that numerous public hearings were held prior to completion of their ordinance.

Fourth, individual business groups can be contacted. This method is perhaps best when the license ordinance is primarily for regulation. It could become cumbersome when all business will be licensed.

Draft the Ordinance

The decisions made through the study process are incorporated into a recommended ordinance. At this point it is also necessary to give thought to internal administration. A license ordinance nearly always provides for administrative procedures. The city attorney should draft or check the ordinance closely. Improper wording may nullify an ordinance.

Present to City Council

The chief administrator transmits the recommended ordinance to council, setting forth the basic elements. Council should have been kept informed of the revision process, particularly by an early discussion of basic policy. When the ordinance in final form goes to council, councilmen should be familiar with its basic content so that review does not entail a detailed discussion of the basic elements.

The council generally should hold a public hearing before adoption. This gives all persons an opportunity to be heard. The experience of the cities reporting indicates that such a hearing will not result in radical changes, provided close liaison has been maintained with business throughout the revision process. Only three cities reported that a final public hearing was not held after the formal presentation of the ordinance.

Legal Considerations

The full and exact powers of a municipality to license must be determined. State constitutions, laws, court decisions, and city charters vary; thus the investigating of licensing powers must be done by each individual city. A city attorney often can obtain help from the state municipal league, and several leagues have published comprehensive studies on licensing as applied to their states. There are, however, several major points that those concerned with revision of an ordinance should be familiar with.

Power To License

The power to license is found in state constitutions, laws, court decisions, and city charters. Some states provide for home rule, and the power to license is inferred. Other states consider cities as "creatures of the state" which may exercise only those powers that are expressly given. The power is frequently limited to licensing for regulation and only for specified businesses.

To illustrate, the laws of California, Utah, and Illinois provide a contrast. Several California constitutional provisions have been construed to apply to license taxes and license fees. In addition the legislature has enacted a provision which states: "The legislative body may license for revenue and regulation, and fix the license tax upon every kind of lawful business transacted in the city..."⁵

Utah cities and towns, as in Illinois, must find specific authority in state law to license a particular business either for revenue or regulation. Utah towns are authorized to tax "billiards, pool, bagatelle, pigeon-hole, and any other table or implement kept or used for similar purposes," but may regulate "any business within the town." Cities, on the other hand may "raise revenue by levying and collecting a license fee or tax on any business within the limits of the city" except on the business of selling goods for resale. The power to regulate is more restrictive.⁶

In Illinois specific authority to license for regulation is necessary, as it is for revenue, except that such authority may be implied. When a municipality can regulate a general subject matter, it may license a business concerned with such subject matter. Thus the licensing of dry cleaners was upheld in the case of *Klever Karpel Cleaners v. Chicago*, 323 Ill. 368, on the grounds that municipalities have authority to regulate the storage of flammable liquids. In the revised statutes of Illinois (Chapter 24, Article 23) over 20 businesses are listed which municipalities may license, but only five may be licensed for revenue. Of the five businesses, the actual rate is set for one.

⁵*Business License Taxes, op. cit.*, pp. 3-4.

⁶Fred M. Oliver, *Municipal Licensing in Utah Cities and Towns*, (Salt Lake City: Utah Municipal League, 1947), pp.

Reasonableness

Regulatory licenses must be reasonable as to restrictions and fees. The term "reasonable" is subject to a wide variety of interpretations. In making sure a license ordinance is reasonable, knowledge of a particular state court's interpretation is essential. Generally, the burden of proof as to reasonableness lies with the licensee, not the city.⁷

Reasonableness is interpreted in relationship to proper exercise of the police power. The police power originally was concerned with the preservation of the public safety, morals, and health. The extent of the police power varies somewhat from state to state, but in recent years it has been construed to also include the general welfare. The California courts have stated that general welfare includes regulation to promote the economic welfare, public convenience, and general prosperity of the community.

Excessive or oppressive restrictions will be held invalid. Usually a reason must exist for the license restriction; the use of the licensing power to prohibit a business will not be upheld by the courts. "The test is whether or not the limitation imposed is one whose purpose and effect go no further than placing reasonable safeguards in the public interest around the exercise of the right."⁸

Fees and Taxes

The power to regulate implies the right to license and charge a fee. The fee, in cases of regulatory licenses, is based on the theory of compensating for the extra expense caused by the enforcement of regulations. The fee therefore must bear some relationship to the cost of enforcement. An exact relationship is not necessary, however, if the fee is reasonable and clearly not excessive. Some regulatory licenses can be revenue measures to the extent the fee exceeds the cost of regulation. Several Illinois and California court decisions have held that fees may exceed the cost of regulation, and the California courts have stated that fee may be large enough to cover not only existing expenses but also anticipated expenses.⁹

License fees cannot always be charged simply because a municipality has the right to regulate business. An ordinance of an Illinois city which imposed a fee upon retail meat markets was held invalid because it contained no regulatory provisions, as was a fee imposed on each vehicle delivered to a neighborhood within Chicago.¹⁰ In Utah, on the other hand, the fact that the legislature has authorized the regulation of a business predominates, whether or not such business requires regulation.¹¹

A license fee must bear some relationship to the cost of regulation, but this does not mean that such charge must be the same for every business of the same type. Fees may be graduated so that a larger fee is paid by some establishments in the same business classification. Such graduation must be based on a reasonable classification of the business.

A license tax based upon the revenue power does not have to bear a relationship to the cost of administration. Cities can impose any amount upon businesses, subject only to the rule that such tax shall not be oppressive or unjustly discriminating.

Discrimination

A licensing ordinance to be valid must not discriminate against any individual or group so that no one will be denied equal protection of the laws. However, classifying business on a reasonable basis is not discrimination. The reasons for classification must be based on logic and fact. Classification always is subject to court review, and city attorneys should review any proposed classification in the light of state court decisions which set precedents. It appears that if the license classification is not a subterfuge for penalizing a particular group or individual, such classification is valid. Several examples may amplify what is or is not discrimination.

Thomas A. Mathews, "Municipal Powers to License" *Illinois Municipal Review*, July, 1951, p. 110.

Business License Taxes, op. cit., p. 6.

American Baking Co. v. Wilmington, 370 Ill. 400. and *Seager v. Silvis*, 400 Ill. 262.; *Urban v. Riley*, 21 Cal. 2d 232.

Mathews, op. cit., p. 113.

Business License Taxes, op. cit., p. 10.

In Illinois the exemption of business because of residence is invalid. An Aurora ordinance licensing milk dealers was held invalid because it exempted persons owning not more than two cows and selling milk to their neighbors.¹²

A California court invalidated an ordinance requiring the payment of a license tax by all laundries doing business in the city but not located in the city, while exempting all laundries located in the city. The court, however, upheld a license tax ordinance on all bakeries which required a higher rate for bakeries located outside of the city. It was felt that since bakeries located in the city paid ad valorem taxes, a reasonable differentiation in rate was not discriminatory. The court in differentiating between business with fixed places of business in the city and those with no fixed place said: "It is the duty of this court only to guard against attempts on the part of such local authority to create a tariff barrier in favor of local business."¹³

A license ordinance does not have to include every business in a city, but it cannot exclude some within a given class. Thus a San Diego ordinance imposing a license tax on house trailer occupancy but not upon apartment or hotel occupancy, was invalid. The distinction was based on the theory that occupants of permanent structures by paying rent indirectly paid property taxes to help support the government. The city maintained that house-trailer occupants did not help support the government through property taxes. The court said this was not a logical (reasonable) basis since trailer occupants paid rent to the trailer camp owner who in turn must pay both a license fee and property taxes on the land.¹⁴

Exemptions

The privilege of engaging in business may not have a license tax or fee imposed that is contrary to the Constitution and laws of the United States and of the states. Cities are not greatly affected by such exemptions when, as in Illinois, specific authority is needed to license any business. However, familiarity with the exemptions is desirable.

Interstate Commerce. The United States Constitution reserves the control of interstate commerce to Congress. This does not mean that municipalities cannot regulate or tax business engaged in interstate commerce. It does mean that certain restraints are placed on licensing interstate business. Licensing of interstate commerce (1) must place such business on an equal plane with local trade, and (2) must not burden or interfere with interstate commerce.

As long as there is a distinct local act that can be licensed, taxing and regulating interstate commerce is valid. A Saddle River Township, New Jersey, ordinance licensing the business of storing goods was upheld. Goods, in this case coal, were shipped to a storage yard. Here the coal was dispersed and rebilled. The court considered this a distinctly local activity.¹⁵

A Richmond, Virginia, ordinance requiring the payment of a license tax on solicitors was invalidated by the United States Supreme Court. A garment salesman traveled from city to city; took orders and sent them to the home office; the home office sent the merchandise directly to the purchaser C.O.D. The court said that there was not a distinct local activity.

Further, the ordinance is valid if it is strictly for regulation to protect the public health. Fees imposed must have some relationship to costs of enforcement, and the ordinance cannot be discriminatory or place an undue burden on the business.¹⁶

State Regulated. When businesses are state-wide and are regulated by the state, municipal regulatory licensing is usually invalid. In many states utilities are regulated by the state and thus are not subject to local regulation. Professions licensed by the state, such as doctors and lawyers, are another example. Licensing for revenue, however, is often permissible, provided the power to license for revenue exists.

¹²Mathews, *op. cit.*, p. 113.

¹³*Business License Taxes, op. cit.*, p. 9.

¹⁴*Ibid.*, p. 8.

¹⁵*Ibid.*, pp. 13-17.

¹⁶Mathews, *op. cit.*, pp. 114-115.

Religious Businesses. Charitable activities are not subject to business license taxes but may be subject to regulatory license fees. The famous Jehovah's Witnesses cases have invalidated ordinances requiring the payment of a fee to sell religious materials as a restriction on religious freedom. But the supreme court of California stated that a licensing ordinance regulating junk yards applied to religious groups operating such a business. The court reasoned that the purpose of the ordinance was to prevent junk dealers from becoming outlets of stolen goods and that religious groups engaged in business cannot be freed of all necessary restriction under the police power.¹⁷

Newspapers and Banks. Newspapers are not generally subject to regulation by municipalities because this is invariably considered as unconstitutional on the basis of restricting freedom of the press. Newspapers are subject to some revenue licensing ordinances, however.

The Federal Banking Act prohibits cities from taxing national banks. All banks are regulated by state or federal laws and therefore are not subject to local regulation.

Veterans. Some states specifically exempt veterans from licensing provisions, especially disabled veterans.

Definitions of Rate Bases

The actual amount of a license tax or fee is determined by applying a rate to a base. There are over 20 methods of levying a license tax or fee. A review of over 25 ordinances indicates that the most popular are:

Rate

Traditionally license taxes or fees have been established as a specific amount for each type of business. Generally all businesses of a particular type pay the same license fee or tax, although some ordinances establish differential rates within a class. For instance, Provo City, Utah, provides four different rates for advertising: (1) sign tackers, \$1 per day; (2) distributing samples, \$1 per day; (3) bill distributors, \$1 per year; and (4) others not specifically mentioned, \$15 per year. A wide range of flat rates used by cities does not permit extensive generalization.

Number of Employees

In this case a set dollar amount is established for each employee. For example, Anaheim, California, for all professional and service occupations, establishes a \$25 annual license tax for the first three employees, \$3 for the next seven, and \$2 for each additional person.

Area Foot

Here a dollar value is placed on a square-foot unit basis. Saginaw, Michigan, provides that a bakery shall pay a license fee of \$20 for the first 1,500 square feet of floor space and an additional \$2 for each additional 500 square feet.

Number of Units of Essential Equipment

A dollar value is placed on an essential piece of equipment needed for a particular business -- pool tables, bowling alleys, and trucks. Saginaw, Michigan, charges gasoline filling stations at a rate of \$5 per year, plus 50 cents per pump. The Decatur, Georgia, license tax for bowling alleys is \$10 per alley per year. A variation of this method is to charge a rate per rooms for such businesses as hotels, apartment houses, and rooming houses.

Amount of Purchases

The license value is established in relationship to the total purchases of a business. This base is most often applied to wholesalers. Petersburg, Virginia, charges \$35 annually for the first \$4,000 of purchases and 25 cents per \$100 over \$4,000 up to \$100,000.

Inventory

Little Rock, Arkansas, charges all businesses engaged in selling any kind of goods, whether raw materials or finished products, a license tax of one-half of 1 per cent of the gross value of the average stock inventory for the preceding year.

Gross Receipts

This method provides that the license tax will be based on the gross receipts of a business — so many dollars per thousand of gross receipts. The licensing ordinance of Beverly Hills, California, states: "All persons and businesses whether listed above or not which are considered to be of a retail, wholesale, or manufacturing nature, and other businesses not otherwise classified... will... pay at the rate of 50 cents per \$1,000 of gross receipts..." Many ordinances using the gross receipts basis provide brackets, each bracket receiving a different rate. Anaheim, California, provides rates of \$25 for the first \$25,000 of gross receipts; 30 to 40 cents per \$1,000 for the next \$50,000, depending on the business classification; declining to 2.5 cents to 10 cents per \$1,000 for all gross receipts over \$500,000.

Determining the Rate Base and Fee — Regulatory Licenses

Cost of Administration

Regulatory license fees should bear some relationship to the cost of administering the ordinance. The selection of a proper rate base and fee schedule for regulatory licenses, therefore, is a matter of comparing proposed fees and actual costs of administration and enforcement.

A cost accounting system is valuable, but its lack should not induce a city to set rates arbitrarily or by guesswork. When cost accounting records are not available, a review of the licensing process can provide adequate cost estimates. Departments administering the licenses can spot check the time required in inspections and clerical processing and tabulate the cost of any materials that will be needed.

In determining costs several cost elements should be considered. First, and the most obvious, is the cost of investigations that might be required before a license is issued — licensing taxicabs, for example. Many communities state that certain facts, such as the public convenience and necessity, must be established before a license is issued.

Second, the cost of periodic inspections should be estimated. Pawn shops must be inspected frequently by police. The cost of such inspections includes not only the inspector's time (including travel time) but costs of transportation, processing the inspector's report, and printed materials.

Third is the cost of actually issuing the license — clerical time in preparing the license, cost of materials, typing or processing forms, recording the license, and handling the payment.

Fourth, overhead expenses for the department issuing the license should be estimated, including an allocation for supervisory time, telephone and other utilities, cost of employee bonds and insurance, and general supplies.

Finally, the cost elements mentioned might be spread over several departments. For instance, the police department incurs costs of inspecting pawn shops, but the city clerk's office might issue the license. Thus a review of the total licensing process is necessary to obtain full costs.

Each license should be analyzed on the basis of total cost for a particular class of business; then the average number of licenses issued annually can be divided into the total cost to obtain an average unit cost. This unit cost, however, may not reflect accurately the distribution of costs among a particular type of business; such factors as the size of a business may create larger costs. The inspection of milk plants illustrates the effect on costs; one company might be large enough to require full-time inspection while another only periodic inspection. To refine the average unit cost, adjustment based on other factors is desirable.

Richmond, Virginia. Once compiled, the information can be presented in a logical form, license by license. In 1957, Richmond, Virginia, made a study of all licenses, permits, and other

Permit or Service	Description Service Provided	Present Fee Schedule	Authority	Cost of Service 1956-57	Work Volume 1956-57	Income 1956-57	Self-Sustaining Fee Schedule	Annual Income From Self-Sustaining Fee Schedule	
								Additional	Total
Safety - Traffic Eng.									
Advertising Sign Permit	Type of signs checked, locations specified, permit issued, field check made.	None	Ord. 52-199-181 11/18/52	Av. of \$4 per permit	8 permits issued	None	\$4 per permit	\$32	\$32
Safety - Exec. Office									
Permit to procure business license to engage in certain occupations or operate certain businesses.*	Investigation of character of operator and/or safety of structures or devices involved; permit issued.	None	Amend. required of Ch. 10 Rich. City Code. Ord. 50-210-214 12/26/50	Av. of \$12 per permit	52 permits issued	None	\$12 per permit	624	624
Safety-Police									
Push cart tag	Tag issued, record made.	None	Amend. required of ordinance approved 5/16/38	Av. of 30¢ per tag	38 tags issued	None	50¢ per tag for 5 year period	19	19
Bicycle Registration	Ownership recorded; plate issued	50¢ per registration for 5 years	Ord. 56-186-166 9/10/56	Av. of 32¢ per tag	4,272 licenses issued	\$2136	No change	None	2136
Shoe Shine permits	Tag issued; number and location of shoe shine boys regulated	50¢ per tag, annually	Ord. adopted 5/21/47	Av. of 30¢ per tag	57 tags issued	29	No change	None	29
Safety - Exec. Office									
Annual certificate for taxicab and for hire vehicle	Furnish certificate of operation. Continual review of adequacy of service	None	Amend. required of Ch. 43 and 43-1 Rich. City Code	Av. of \$6 per certificate	299-City 14-Suburban	None	\$6 per certificate	1878	1878

*Permit for permission to procure a license for the following: dance hall, night club, tent meeting, employment service, amusements, athletic fields and parks, junk dealer, to sell pistols and ammunition, mobile carousel, billiard parlor, private detective, detective agency, shows, carnivals, circuses, second hand dealers, religious services, medicine vendors, gold, silver and jewelry dealers, book solicitors, motion picture theatres and others required by the City License Code, Article IV of Chapter 10 of Richmond City Code of 1937.

Source. A Report To the City Council on Fees and Service Charges, (Richmond, Virginia. Office of the City Manager, 1957) p. 6

Figure 2 - Cost Analysis for Regulatory Licenses

fees and charges which was presented in a report to the city council. The format of the report provides a basis for any city to present the results of a cost and fee study.

The report contains the usual letter of transmittal from the city manager to the council, a section on background, and a summary of findings. The section on general fees is divided into four sections: (1) regulatory fees for activities where the public interest predominates, (2) basically regulatory fees but where a substantial special benefit occurs to the licensee, (3) special benefit charges where private interest predominates, and (4) special charges for special services. Business licenses, as defined for this MIS report, belong only in groups 1 and 2. The basic information is contained in a table for each of the four groups and is preceded by interpretive comment. The tabular presentations illustrate how any city can organize the information obtained in studying fees and costs. Figure 2 illustrates the Richmond presentation for group 1 regulatory fees where the public interest predominates.

Selecting the Rate Base and Fee

Certain types of rate bases — such as gross receipts, number of employees, and amount of purchases — are not appropriate for measuring regulatory fees because they bear little relationship to the cost of regulation. The most common rate base for regulatory licenses is the flat rate. The flat rate is equitable because it can approximate the actual or estimated cost of enforcement. A number of communities also use either the number of units of essential equipment or the square foot measure since these bases roughly measure increased costs because of size of several types of businesses. The regulatory fee schedule for Saginaw, Michigan is typical; a sample portion is reproduced in Appendix A.

The actual dollar amount of a fee should approximate the cost of administration. In setting such fees, however, practical and theoretical considerations may alter strict adherence to this policy of approximating the cost of administration.

Public Interest. A fee may not cover the full cost of regulation of some business classifications because of the necessity of such regulation to protect the public interest. The Richmond report, under the grouping of regulatory permits where the public interest predominates (group 1), states: "Permits and services in this category are basically regulatory... and little special benefit is provided [to the licensee].... Because of this fact there is more justification for the public treasury bearing the cost of providing these services.... Fees are justified on the basis that the nature of the activity is such to require regulation. By engaging in such activity the individual or corporation causes the city to incur an expense to provide regulation and it is reasonable... to require those engaging in such activity to help defray *part* of this cost."¹⁸ Typical examples of such business license classifications are pawn shops, dance halls, athletic fields, and detective agencies.

Under the heading "Basically Regulatory — Substantial Special Benefit" (group 2), the report classifies all regulatory fees that are in the public interest but also provide a benefit to the licensee. Some business licenses (and occupational licenses) fall into this category. Electrical and plumbing contractors and other similarly licensed occupations are examples. The report states that such licensing protects the public, but "At the same time... the individual is receiving the benefit of engineering and/or inspectional services and has the assurance of knowing that not only he, but all others... are meeting the standards set.... In view of this it seems entirely proper that the recipient of the services... be required to pay a *substantial part*, if not all, of the cost..."¹⁹

Potential Costs. Unless a city has accurate and detailed financial records, the estimated costs for a given license classification will not always be complete, and potential costs are not easily predicted. The Saginaw, Michigan, report on fees and costs recommended no change in areas where some fees exceeded costs by a "seemingly large amount." It was recognized that such licenses as "Dance Hall Special" might entail potentially greater costs than reflected in the study. Certain license fees can be set (if legal) in relationship not only to existing costs but also to those costs that might develop because of the nature of the activity.

¹⁸ Italics ours.

¹⁹ Italics ours.

Acceptance and Enforcement. A regulatory license fee based on cost factors might be high enough to encourage businesses not to pay the fee. This would, in effect, decrease the effectiveness of the license as a regulatory device and increase the enforcement problem. Costs then would increase. This might be particularly true of transient businesses.

General Regulatory Ordinance — Park Ridge, Illinois

Park Ridge has developed a regulatory license ordinance which applies to all business establishments. Although its purpose is regulation (police power), in effect it is similar to a strict revenue-producing ordinance. By covering all business establishments, instead of selected ones, it is more comprehensive than the usual regulatory ordinance illustrated in Appendix A. The ordinance illustrates the practical difficulty of distinguishing between regulatory and revenue licenses.

The ordinance fee schedule classifying businesses as to type and as to size is as follows:

<u>Classification</u>	<u>Step</u>	<u>Floor Area in Square Feet</u>	<u>Yearly License Fee</u>
A - Food Establishment	1	0 - 1,000	\$ 35.00
A - Food Establishment	2	1,000 - 5,000	55.00
A - Food Establishment	3	5,000 - 10,000	75.00
A - Food Establishment	4	10,000 - 20,000	130.00
A - Food Establishment	5	20,000 and over	150.00
B - Service Establishment	1	0 - 1,000	30.00
B - Service Establishment	2	1,000 - 5,000	35.00
B - Service Establishment	3	5,000 - 10,000	45.00
B - Service Establishment	4	10,000 - 20,000	75.00
B - Service Establishment	5	20,000 and over	110.00
C - Retail Sales Establishment	1	0 - 1,000	20.00
C - Retail Sales Establishment	2	1,000 - 5,000	30.00
C - Retail Sales Establishment	3	5,000 - 10,000	40.00
C - Retail Sales Establishment	4	10,000 - 20,000	60.00
C - Retail Sales Establishment	5	20,000 and over	90.00

The comments of the assistant manager effectively summarize the development of this schedule.

The floor area of business establishments was a basis of the fee schedule for the reason that the size of the establishment has a direct visual and physical relation to the work involved in the service of inspection and regulation. The use of gross receipts does not necessarily reflect the hazards of the establishment to the general community, safety, and welfare of the community. Furthermore, under Illinois law, a business license is not a tax on the ability to pay. Such a license is to be related to the service of inspecting and regulating physical establishments. It was believed that the floor area together with business types offered the most obvious measure of degree of inspection and regulation necessary.

The determination of the three business classifications was defined after a listing and review of the types and extent of businesses in operation throughout the city. Park Ridge is primarily a residential suburb and does not contain the myriad of business types of typical self-contained municipalities with a complete economic trade center. In the case of the latter, there would be an obvious need for more classifications. Insofar as the actual listing of the classifications is concerned, much reliance was placed on the advice and experience of the Fire Department and his inspections in determining the similarities of fire inspection and regulation problems in the city.

The determination of the flat yearly license fees again was primarily based on the problems of fire inspection together with anticipated problems of health inspection. The actual determination of amounts for each step was a process of a priority with the basic precept of range differences based on potential hazard to the general community, past fire inspection experience, and anticipated need for health inspections. Consideration was given to the maintenance of similar dollar amounts in total for establishments heretofore licensed, and reasonable steps were attempted so as to encourage... an initial acceptance of this new concept of business licensing...

Determining the Rate Base and Tax — Revenue Licenses

The process of determining the rate base and tax amount for revenue licenses is more complex than for regulatory licenses. There are five major factors to consider: (1) amount of revenue to be raised, (2) principal rate base, (3) exceptions to principal rate base, (4) classifying businesses, and (5) cost of administration.

Amount of Revenue to be Raised

The actual rate structure and amounts will in the final analysis be determined by the amount of revenue to be raised. As a revenue producer, business licenses are based on the argument that business benefits from municipal services to a greater extent than does the individual taxpayer. The major benefit is the performance of a wide variety of services that makes possible a concentration of people necessary for the conduct of business. Direct services, such as street maintenance and police and fire protection, are paid for by business through property taxes; yet such services are generally of more value to business than to the property owners. Thus it is argued that business can be taxed in some relationship to its ability to pay.

There is no scientific method of determining what share of the tax burden business should bear through licensing. Indicators are the importance of business (that is an industrial-commercial center as compared with an essentially residential community), population increase, and general economic growth. Officials, and particularly councilmen, must attempt to balance the tax burden.

Selection of Principal Rate Base

The principal rate base or method of measuring the license tax should be based primarily on equity. Equity is considered in relation to the benefit received from facilities and services of the community. The worth of a license granting the privilege to conduct a business is related to the success (profit) of a business. Ability to pay measures this worth. Because of this, there has been a strong trend toward the use of the gross receipts basis, frequently in conjunction with flat rate and number of employees. Gross receipts, theoretically, are not the most accurate measure of ability to pay; net income is considered a more accurate yardstick. Very few cities use net income, however, perhaps because of the administrative problems involved in auditing license tax payments. Therefore it is not discussed in this report.²⁰

The gross receipts basis is becoming more popular because it provides a better measure of ability to pay than any other base except net income.

Flat rates, number of employees, size of inventory, square feet, and pieces of vital equipment have little relationship to ability to pay. Because of these major shortcomings, the gross receipts tax is emphasized. Also the variations and complexity of gross receipts necessitate a fuller discussion of this base.

Gross Receipts. The simplest form of gross receipts is a rate for all gross receipts — say, 50 cents per \$1,000 of gross receipts. Gross receipts is defined as all receipts from any business, profession, trade, or occupation including cash, credits, fees, commissions, brokerage charges, rentals, and property of any kind either from sales made or services rendered, without deduction for the cost of property sold, cost of materials, labor, taxes, interest, and discounts. In this form the gross receipts base is relatively easy to administer. The cost of administration is fairly low; it is uncomplicated in comparison to net income; and it is easily understood by the taxpayer. Several objections are frequently made against this simple form.

1. **Profit Margins.** It has been criticized because it does not distinguish between the different profit margins of different classes of business. Thus the incidence of such tax tends to fall more heavily on low-margin businesses. To overcome this objection, a number of municipalities classify

²⁰ For a discussion of net income as a base for license taxes see James W. Martin and Madelyn Lockhart, "Operation of a Local Income Tax," *Public Management*, March, 1950, pp. 54-57; and *Business License Taxes, op. cit.*, pp. 26-27.

nesses, applying a different rate to each class based roughly on profit margins. Classifying businesses is discussed further below.

2. First Dollar, Last Dollar. Another objection to straight gross receipts is that it treats the dollar the same as the first. It is argued that this does not represent ability to pay because the gross receipts are for a business, the greater its ability to pay. Thus many municipalities establish brackets such as the Anaheim ordinance referred to above. Where the gross receipts are set up in a series of brackets, a flat license tax can be charged as illustrated.

<u>Annual Gross Receipts Bracket</u>	<u>Amount of Tax</u>
Over \$4,000 up to \$5,000	\$7.00
Over \$5,000 up to \$6,000	\$8.00
Over \$6,000 up to \$7,000	\$9.00

No computation is involved in a tax of this type for all the merchant must do is find where his receipts fall in the schedule and read across to the fee column. This tax is regressive unless the rate is adjusted sharply upward and the gross receipts brackets are very narrow.

3. Other Refinements. A number of cities refine gross receipts by excluding certain costs. This is done in order that the gross receipts will more closely measure ability to pay. Adjusted gross receipts may take into account the cost of goods. The method used is to divide total gross receipts minus the cost of goods. This provides an operating ratio. "If retail merchants' cost of goods represents 70 per cent of their gross receipts while wholesale merchants' equals 85 per cent of their gross receipts, then the operating ratio for retailers is 30 per cent that of wholesalers is 15 per cent. The retailers are, therefore, using the market to an amount which is double the use of wholesalers. For this reason, the tax rate per \$100 of gross receipts applied to retailer merchants should be approximately double that applied to wholesale merchants."²¹

Other items that can be excluded are illustrated by the Beverly Hills ordinance which excludes: (1) cash discounts allowed and taken on sales; (2) value of property accepted as part of the purchase price for subsequent resale; (3) taxes paid to other governmental jurisdictions; (4) such part of the price of property returned by purchaser as is refunded in cash or credit; (5) receipts of refundable deposits; (6) collections for others as agent; (7) sales by commission except that portion which actually represents income; (8) payments of contractors to subcontractors; and (9) gross receipts used as the measure for license tax paid to another city.²²

Exceptions to Principal Rate Base

Exceptions should be kept to a minimum because one of the objectives of the revision processes is to simplify the rate structure. The experience of cities responding to the MIS inquiry for information indicates four reasons for exceptions:

1. In the case of the gross receipts base, it is difficult to measure gross receipts for certain businesses. In a report to the city council on business licenses, City Manager C. E. Perkins, Glenview, California, recommended a flat rate plus an amount per employee for building contractors. He stated: "In spite of the admittedly greater equity of the gross receipts base, few cities have successfully utilized this because contractors are a mobile class of business whose work is often in many cities, and who therefore cannot easily segregate the proportion of their gross receipts derived from each city in which work is done." Other examples of such businesses would be circuses, transient salesmen, and transient photographers.

Professional and service people are sometimes not taxed on the gross receipts base because profit margins vary greatly and are difficult to determine.

James B. O'Neal, Jr., *Municipal License Tax Manual* (Charlottesville, Virginia: League of Virginia Municipalities Bureau of Public Administration, University of Virginia, 1959), p. 9.

For further discussion of rate bases and their advantages and disadvantages, see A. M. Hillhouse and Muriel J. Hillhouse, *op. cit.*, pp. 24-26; *Business License Taxes, op. cit.*, pp. 20-28; and James O'Neal, Jr., *op. cit.*, pp. 4-9.

2. Business objections might well dictate an exception, particularly when such objections are based on good reasons. The experience of Beverly Hills emphasizes the importance of citizen acceptance of the tax base. The license ordinance established two classes for license tax purposes: "A" for professions and services; and "B" for retail, wholesale, and manufacturing. Class A pays on the basis of the number of employees and class B on gross receipts. Administrative Officer John B. Wentz, in describing the reason for the difference, stated:

A distinction was made between Classification A and Classification B licenses principally because of the professional and service groups' objection to the gross receipts aspect, particularly as it related to the audit provision included for this type of a tax basis. This opposition was quite strong and quite pronounced in the City of Beverly Hills. In consultation with representatives of the professional and service groups the per employee basis was arrived at. In an attempt to determine a tax schedule, which would be essentially equitable between Classification A and Classification B, studies were made of some Classification A businesses where we could determine the gross receipts of the business. An attempt was made to correlate the gross receipts of businesses and the number of employees working in those businesses and we found that there was a fairly good correlation. Thus, by some computations we were able to come up with the schedule for Classification A [per employee] which would approximately equal the tax on Classification B on a gross receipts basis. The tax schedule for Classification B was determined after studying the comparable rates of cities surrounding the city of Beverly Hills.

3. The practices of other cities, particularly within the state, may have an influence on the rate structure. Obviously cities should not repeat the mistakes of other cities, but great deviations from current practice might cause strong citizen objection.

4. State laws can directly or indirectly control the rate structure. Wheeling, West Virginia, and Kingsport, Tennessee, both reported that the rate was developed to conform with state law. Columbia, South Carolina uses the gross receipts base primarily, but taxes bowling alleys and skating rinks on a flat-rate basis. South Carolina law prohibits a municipality from charging more than one-half of what the state charges.

Classification of Business

The determination of the actual rates will be set to arrive at the desired revenue. To assure equity, however, businesses must be classified in relationship to approximate profit margins, no matter what the means of measurement is. Even if the principal base is not gross receipts, rates should not be the same for all businesses. Only by classification can a logical differentiation in rates be made.

Ordinances vary as to the number of classifications. There may be as few as two classes, as in Beverly Hills, or up to 10 or more. Further, several major classifications based on the type of measurement might be established, with subclasses within each group. Anaheim, California, provides for Professions and Services; all other businesses are broken down into three classes: contractor, manufacturing, and retailing. Each of the three subclasses has a different gross receipts rate applied. One authority has suggested 10 groups: (1) professional, (2) personal services, (3) business service, (4) repair service, (5) retail merchants, (6) wholesale merchants, (7) contractors, (8) amusements, (9) manufacturers and processors, and (10) specialized categories.²³

The actual number of classes will depend on the types of business in a community. Information as to profit margins can be obtained from a variety of sources: (1) consultation with local business people, (2) other cities having a license tax ordinance, (3) spot studies, (4) trade associations, (5) state income and other tax records, and (6) the United States Department of Commerce. Based on the classifications and profit margins of businesses, an actual rate can be set for each class that will distribute the burden equitably.

Cost of Administration and Other Services

Licensing for revenue does not require the detailed study of administrative costs that is required for regulatory licenses, but a city may make such a study to establish a minimum tax. Many

²³ O'Neal, *op. cit.*, pp. 30-44.

municipalities establish a minimum tax in the rate schedule regardless of the system of measurement. This minimum fee assures that all businesses will at least pay a tax sufficiently large to cover the cost of administration. The Anaheim ordinance states: "The sum of \$25 shall be the minimum license under this section...."

Organizing for Revenue and Regulation

Cities with the power to license both for revenue and for regulation have two alternatives in establishing rates for businesses requiring regulation.

First is to require both a business license tax for the privilege of doing business and a business license fee to cover the cost of regulation. Beverly Hills, for example, requires auction houses to pay a yearly license fee of \$500 as well as the business license tax. This method has the advantage of clearly distinguishing between the purposes of the licenses.

The second method is to include the cost of enforcement within the license tax. Anaheim requires that "The regulatory provisions in the business license ordinance are made in conjunction with revenue provisions. In no case is a license with regulatory provisions more expensive than licenses with less restrictions placed on them."

Administration

Problems of administration must be considered in reviewing a business license ordinance whether for revenue or regulation. The ordinance can either expedite or hinder administration and enforcement.

The major factors in administering regulatory licenses are: (1) receiving applications; (2) reviewing the applications or applicants as to compliance with the required qualifications — that is, character investigation, testing equipment, and examination of occupational or business competence; (3) issuing the license; (4) collecting and accounting for the required license fees; (5) periodic inspections, as a regular routine or on complaint, of operations of the licensed business, along with enforcing incident thereto; (6) prosecution of cases of violations found; and (7) suspension and revocation of licenses, usually subject to appeal. Revenue license administration is similar except that there is generally no need for examining applicants. Revenue licensing using the gross receipts method requires the auditing of licensees' financial records.

Organization

Practice varies as to organization for issuing licenses and permits. As many as eight or 10 departments in a given city may issue permits or licenses. Too often each department has its own procedures and information on steps to be taken by the citizen is not readily available; and there is little or no exchange of information between departments. In some cities, however, revenue licenses are issued directly through the finance department, the city clerk or a central license bureau division, while permits are handled directly by the departments which enforce regulations governing the activity permitted, as in the case of the building, fire, and health departments. Payment for most if not all licenses and permits generally are made to a central office, usually the treasurer.

The administrative setup should assure speedy action in the issuance of licenses and permits. Citizens who seek licenses or permits should not be shunted from one office to another, perhaps ending up at some place only to find they are in the wrong office. When a citizen is required by law to obtain permission to carry on an activity, the more delay and confusion he encounters the more reluctant he is to be regulated.

Central administration will help assure the objectives of prompt issuance of licenses and good public relations. The department to assume the duty depends upon organization, but cities that have a central administration usually assign the function to the finance department or the city clerk's office, or establish a separate license agency. Central administration can work effectively for both types of business licenses. Incidentally such an agency can be expanded to include many other licenses and permits, such as dog licenses.

Other departments might assist in administrative tasks for regulatory licenses. The Beverly Hills ordinance provides that regulatory licenses for several businesses will be issued by the department of finance only after the police department has made certain investigations.

The first step toward central administration is to study all licenses and permits issued. Since this was necessary for revising the rate structure, the basic information is already compiled. The second step is to develop procedures of administration. Under the direction of the chief administrator the heads of the health, police, fire, planning, building, public works, and other departments that issue licenses and permits should hold periodic conferences to work out details for the consolidation of such work, to develop common and uniform policies, and to simplify procedures. There should be little difficulty in centralizing the handling of many licenses and permits.

Time Schedule

Most licenses should be issued on an annual basis. Some licenses will have to be issued for a day, week, or month, when the business or occupation is of a transient nature.

Annual licenses can be issued so that all become due on the same day. This simplifies enforcement, particularly when joint or combination licenses are issued to the same business. The same date for all licenses has the disadvantage of creating a high peak in the work load. To overcome this disadvantage, some cities stagger expiration dates. In this way a fairly even work load can be maintained throughout the year.

Records

Many cities still use a different form for each type of license, but the trend in recent years has been toward the use of one general application form with a supplemental form where needed. Another good practice followed by some cities is to combine application and license forms for several businesses of a similar nature for which ordinance conditions are the same.

Beverly Hills has developed two forms for each of the two business classifications established for revenue: (1) notice of business license due, and (2) the license. The forms are punched cards designed for processing by mechanical equipment. (See Appendix B for forms.)

Regulatory license forms can also be combined. The application form usually contains spaces for the name of the applicant, business address, type of business, and residence and telephone numbers of applicant; whether proprietor has ever engaged in business in the city before; date; and applicant's signature. Space is provided for approval by the city planning, building, health, and fire departments (where required) and the date of such approval. There is also space for information concerning bond to be filed, if any, and license fees paid and dates of payment. Park Ridge, Illinois, has developed a form that contains the application, license, and office record. (See Appendix C.)

The application and license form the basis for a consolidated record of licenses. The most common record is the card index, alphabetically arranged either by type of license or name of licensee, and chronologically by up-to-date street address records. In addition some cities keep a street directory of licenses up to date by daily posting of additional information. A visible ledger card system is commonly used, and renewals can be recorded on the master card file. Cities that have a central license and inspection agency find it easy to maintain a central license file which shows the detailed status and history of all licenses — application, investigation reports, fees, issuance, transfers, inspections, and so on.

A simple record system is a master card file using 4 by 6-inch cards on which can be posted information such as the name of the licensee; type of business; license year; license number; date of application; plate, badge, or sticker number, if any; fee paid; and initials of the employee doing the posting. If a bond is required the effective dates also are posted.

Bonding and insurance companies can help if they issue bonds for periods that coincide with license periods. Each card record should have sufficient space for a 10 or 15-year record of any licensee. If a business is sold, a record of the date and new licensee can be entered after the last entry, the card filed alphabetically in a cancelled file, and a card made for the new licensee.

Cities with a large number of licenses and permits, such as Beverly Hills, should mechanize

operations. Tabulating equipment is used to keypunch a master file of cards with pertinent regarding each licensee. Such data provide high-speed, automatic production of renewal notices, registers of license fees and licenses, receipts of payment, collection records, geographical maps for inspectors, alphabetic indexes of licensees, and so on.

Enforcement — Regulatory Licenses

The licensing agencies generally rely on police department cooperation in enforcing regulations. Employees of license agencies should have power to enter any place required to be licensed to examine records. In some cities licenses not renewed within 10 days after expiration date are referred to the city attorney's office; other cities allow 30 days before a license is considered delinquent. Usually delinquency notices are mailed; if the licensee does not respond to this notice in a reasonable time, he is reminded by a friendly telephone call.

Some cities get good results by adding a 10 per cent penalty to all fees for license renewals at the beginning of the license year, while other cities add a 10 per cent delinquency penalty after 60 days. After the allowed time, licensees who have failed to renew their licenses should be contacted by an employee of the license bureau or by a police officer. Most delinquents generally pay when the license bureau receives reports to the effect that the licensee has discontinued business.

In some cities the central license bureau each week sends a report of licenses issued, renewed, or revoked to the police department. In some large cities special police officers are assigned to enforce the checking procedure. A few cities have found it effective to send delinquent licensees a warning notice signed by the police chief; other cities rely on police aid only when an actual violation occurs or upon specific request of the licensing agency.

Regulatory licenses require inspections to insure that restrictions are being complied with. Having most inspectors in a central license agency will help avoid duplication, and one inspector can be trained to make several different types of inspections.

Inspection is an administrative tool used to enforce public policy. The inspector usually decides on the spot whether the subject conforms to the standards laid down by law, ordinance, or administrative regulations. Usually it is easy for the inspector to specify on the spot the measures necessary to bring the subject up to standards. This may promote good will and raise the prestige of the inspector, but care must be taken that inspectors do not show favoritism. This can be done by keeping proper records for the central office.

In many cases, of course, the central office should send out notices based on inspection results. In some cases the city may require the inspectee to make written reports to describe the circumstances and conditions to be inspected. This would provide the city with essential information on which inspections can be based.

Inspection is an accommodation to the public — to see that the buyer gets full value. A surprise inspection is in order when the conduct of a program or agency is involved as in the case of food handlers, swimming pools, weights and measures, and so on. But inspections should not be carried out in a way that would interfere with the conduct of business. Complaints from the public should be investigated, but citizen complaints by themselves do not provide a sound basis for an inspection program.

In the supervision of inspection, rotation of inspectors generally is sound. There is little advantage in increasing an inspector's knowledge of his locale. The element of newness and surprise is almost as important for the inspector as for the subject. Inspection districts in large cities should be planned so that the inspector can spend a maximum amount of time inspecting and a minimum amount of time traveling. In a very large city inspectors might report to field offices or other concentration points where they can meet in the morning and where daily schedules can be assigned.

Field reports of inspectors should be completed on the job before leaving for the next call. Reports should be inspected for consistency and for work load analysis. The mere stepping up of the work load by a number of additional calls per day might reduce the effectiveness of the inspection service unless proper controls are set up as a check on the inspector. Such controls should include a complete daily report of each inspection made; shifting inspectors occasionally from one

area to another to provide a means of evaluating the ability of each; providing for supervisory authority sufficiently close to the inspector level to be prompt and effective; requiring visual inspection reports from other inspection agencies covering the same premises; and investigating the regular work of each inspector by spot-checking its accuracy in the field.

The chief inspectors can assist with the office work at the beginning of each day and interview citizens who have business with them. The chief inspector also should prepare a weekly work program for each inspector in his group. These work schedules can be revised if necessary toward the end of the week to require a full week's work for each inspector. When work assignments are issued each morning some inspectors may complete their work by noon or early in the afternoon and return to the office or go to their homes. One way to avoid this is to require the chief inspectors to spend a large part of their time in the field.

Enforcement -- Revenue Licenses

The enforcement of revenue licenses is similar to regulatory licenses in obtaining compliance. It differs in that revenue licenses based on gross receipts require field audits to determine if the proper license tax is paid.

There are, therefore, two problems: (1) making sure that all businesses pay the license tax, and (2) making sure that the tax paid is correct. Fresno, California's procedure of obtaining compliance illustrates typical methods. Inspections are made continuously. Seven basic sources are used to locate new businesses, changes of address, and changes in ownership: (1) classified pages of the local telephone directory, (2) state of California listings of realtors, (3) bid sheets naming successful bidders in the building trades, (4) newspapers, (5) applications for building permits, (6) former owners of a business, and (7) competitors.

Because Beverly Hills has mechanized the issuance of licenses, the inspector is provided with a complete list by location of all business licenses issued. Using this record along with street guides he is able to determine where there have been apparent changes in business location.

The second problem, assuring correct payment of the gross receipt license tax, requires audits. It is thus important that proper records be maintained by business. This does not impose any additional burden on business since similar records must be kept for income taxes, unemployment compensation, workmen's compensation, state sales taxes, and other purposes.

The right to audit the books of a business should be clearly stated. Frequency of the audit is an administrative decision. Some cities audit annually, others periodically, and still others on the basis of suspicion that a particular business is not paying the proper tax. Richmond, Virginia, audits at random in some instances. Businesses that should be audited are located by merely comparing the amount of license tax paid by one business against the payment of a similar business.

A License Code

Licensing provisions of many cities are scattered through a number of ordinances. This can cause confusion and conflicts in administration and enforcement. One of the objectives in revising license ordinances is to consolidate all provisions possible.

A number of cities have over-all license codes. Generally a city licensing for revenue only will have a comprehensive ordinance; however, few cities licensing for both revenue and regulation have a comprehensive code covering both types of licenses.

Beverly Hills adopted a complete license and permit code as of January 1, 1959 which serves as a guide to the essential features of any code.

Licenses and Permits

The first section of a comprehensive code might include a general section which sets forth policy. Items to include are:

1. A definition of license and other key terms.

2. General requirements as to licensing. If the code covers both regulation and revenue it should be made clear whether businesses requiring regulation will pay both a tax for revenue and a fee for regulation.
3. Basic responsibility for issuing all licenses. Beverly Hills centralized all licenses under the finance director except for building permits. Also state the basic information that shall be contained in all license applications.
4. Expiration date of all licenses such as one year from date of issuance for a yearly license and midnight for a per-day license.
5. Provide that no license can be transferred without authorization of the city.
6. A statement as to how licenses shall be posted or kept.
7. A statement as to exemption from licensing. This provision provides for conflicts with state and federal law and the avoidance of an unreasonable and discriminating tax.
8. Statement that all license taxes and fees are a debt to the city government.
9. Statements as to grounds and procedure for revocation.
10. Establishment of an appeal procedure from the decisions of those administering the ordinance. Appeal is usually allowed in a specified period to the city council.

Revenue Business Licenses

This section relates to revenue licenses. After defining essential words, particularly the rates or bases, the following points, depending on state law, should be covered.

1. State that the section is for revenue purposes and not regulation and that all other ordinances will remain in effect as far as regulatory measures are concerned.
2. A statement of those businesses covered by the ordinance.
3. Make clear whether each business at the same location and each branch office of a business is a license.
4. Provide for issuing the license. A general statement as to the application and information required is preferable to a detailed description. The ordinance should provide that the person responsible for administration can require all reasonable information to be given on an application. When the gross receipts tax measurement is used it is essential to state that the records of a business may be audited.
5. Provisions for administrative authority to classify businesses in accordance with ordinance standards are desirable. Power to determine a tax for a business which does not submit the required information should be included.
6. The next sections establish the business classifications and rate structure. Each class should be described in detail, listing as many businesses included in the class as necessary. In some states it is necessary to list each business; in others a statement as to a representative group, or a general provision that all similar businesses should be taxed is permissible.
7. Most revenue licensing ordinances establish a penalty for failure to pay the tax.
8. Revenue licenses are subject to revocation when the licensee fails to pay the required tax or provide required information. This provides a strong enforcement tool.
9. A provision providing for refunds to a business that ceases operations during the license term is necessary. Most licenses provide for a prorated refund based on a time period, such as a percentage of the year.

Regulatory Provisions

Provisions providing for all regulatory licenses can follow the revenue license provision.

1. Each regulatory license should be a separate article of the code. For instance Beverly Hills' code has articles covering auctions, auctioneers, and sales by public outcry; second-hand dealers, pawn brokers, and junk dealers; taxicabs, school buses, and other public transportation vehicles; closing out sales, fake sales, and professional sales promoters; amusements and entertainment; escort bureaus; solicitors and peddlers; advertising matter; and miscellaneous license permits covering business on vacant lots; motion picture, radio, and television production; businesses on city property; sandblasting; private police service; massage; fortuneteller and used car dealers.

2. The article for each regulatory license should include all restrictions applicable to the regulated business: application procedure including referral to police or other departments for investigation; provision against transferability of licenses; posting of license; records required; and enforcement procedures, including license or permit revocation.

3. The fee schedule can be handled in two ways. First, regulatory fees can be detailed in each article covering a particular business. Second, a concluding article can be developed, such as Saginaw's ordinance (Appendix A), listing all fees applicable to the businesses regulated. The first method has the advantage of providing a complete package on each business regulated. The second method makes it easier to alter fees. When it is deemed desirable to raise or lower fees it is only necessary to amend one article of the code instead of each article covering a particular business.

4. It is usually desirable to state under each regulatory article whether or not the business shall pay a revenue license and a regulatory license if the ordinance is both for revenue and regulation. If the general policy is to charge both a regulatory fee and revenue tax, all exceptions must be detailed. Beverly Hills requires all secondhand dealers to obtain a regulatory license but exempts secondhand dealers from the regulatory fee if their principal business is the sale of new merchandise or antiques.

Acknowledgements. MIS is grateful to city managers and other officials in the following cities for supplying information for this report: Dothan, Alabama; Little Rock, Arkansas; Decatur, Georgia; Anaheim, Beverly Hills, Fresno, Glendale, Huntington Park, Long Beach, Richmond, San Diego, California; Park Ridge, Illinois; Portland, Maine; Saginaw, Michigan; Greensboro, North Carolina; Cincinnati, Ohio; Bend, Oregon; Columbia, South Carolina; Kingsport, Tennessee; Provo, Utah; Norfolk, Petersburg, Richmond, Virginia; Tacoma, Washington; and Wheeling, West Virginia.

Further Information. Typical license ordinances; studies conducted by Saginaw, Michigan; Glendale, California; Richmond, Virginia; and Park Ridge, Illinois; and the reports of the California Utah, and Virginia Municipal Leagues are available on loan to MIS subscribers.

Note: This report was prepared by William E. Besuden, staff member, the International City Managers' Association.

No. D-477

AN ORDINANCE

**TO AMEND SECTIONS 303, 304, 305, 306, 307, 308
309, 310, 312, 314, 315, 316, 317 and 320 OF ARTI-
CLE 3, "FEES AND BONDS REQUIRED." OF
CHAPTER 6, "LICENSES," OF ORDINANCE
NO D-2, "SAGINAW GENERAL CODE."**

The City of Saginaw Ordains:

Section 1. That Sections 303, 304, 305, 306, 307, 308, 309, 310, 312, 314, 315, 316, 317 and 320 of Article 3, "Fees and Bonds Required," of Chapter 6, "Licenses," of Ordinance No. D-2, "Saginaw General Code," be and the same are hereby amended to read as follows:

Section 303. Licenses for:

Bakery	
First 1,500 sq. ft. of floor space or fraction thereof, annual fee	\$ 20.00
Each additional 500 sq. ft. or fraction thereof, annual fee	2.00
Maximum annual fee shall not exceed	75.00
Bottling Works	
Each 500 sq. ft. of floor space or fraction thereof, annual fee	2.00
Maximum annual fee shall not exceed	50.00
Bowling Alley	
First alley, annual fee	10.00
Each additional alley, annual fee	2.00
Boxing and Wrestling Exhibition	
Each exhibition	5.00
Building Wrecker	
Annual fee	5.00
Bus, inter-city	
Annual fee	5.00

Section 304. Licenses for:

Cement Block Manufacturer or Distributor	
Annual fee	1.00
Christmas Tree and Wreath Dealer	
Annual fee	5.00
Circus	
Under 1,000 seats, daily fee	15.00
1,000 to 2,500 seats, daily fee	50.00
Over 2,500 seats, daily fee	100.00
Amount of bond	150.00
Confectionery Establishment	
Retail sales only	
First 500 sq. ft. of floor space or fraction thereof, annual fee	14.00
Each additional 500 sq. ft. of floor space or fraction thereof, annual fee	4.00
Maximum annual fee shall not exceed	50.00
Candy Manufacturer	
First 1,500 sq. ft. or fraction thereof, annual fee	20.00
Each additional 500 sq. ft. or fraction thereof, annual fee	2.00
Maximum annual fee shall not exceed	75.00
Curb Service	
(See Section 208.2 of Chapter 5)	

Section 305. Licenses for:	
Dance Hall, Public	
Annual fee	25.00
Dance Hall, Special	
Annual fee	100.00
Dance School	
Annual fee	8.00
Driver Training Instructor	
First year	5.00
Each year thereafter	2.00
Dry Cleaning (or Dyeing)	
Establishment, including plant, annual fee	10.00
Pickup station only, annual fee	5.00

Section 306. Licenses for:

Electrical Contractor's License, Class I	
Annual fee	25.00
Electrical Industrial, Class II	
Annual fee	25.00
Electrical Journeyman, Class A	
Annual fee	2.00
Electrical Journeyman, Class B	
Annual fee	1.00
Engineer, Stationary	
First year	5.00
Renewal, annual fee	1.00
Exhibition of Goods, Persons and Things in Street (Curb Service)	
(See Section 208.2 of Chapter 5)	
Exterminator	
Contractor, annual fee	15.00
Operator or Special Operator, annual fee	3.00

Section 307. Licenses for:

Fireman, Stationary	
First year	5.00
Renewal, annual fee	1.00
Fish Dealer, Retail (See Grocery)	
Fish Dealer, Wholesale (See Wholesale Meat)	
Fumigator (Including Exterminator)	
Contractor, annual fee	25.00
Operator or Special Operator, annual fee	5.00

Section 308. Licenses for:

Garbage Collector	
First truck, annual fee	35.00
Each additional truck, annual fee	1.00
Gasoline Service Station	
Annual fee	2.00
Plus each pump, annual fee	.50
Grocery and/or Fish, Meat, Poultry - Retail	
First 500 sq. ft. of floor space or fraction thereof, annual fee	14.00
Each additional 500 sq. ft. of floor space or fraction thereof, annual fee	4.00
Maximum annual fee shall not exceed	50.00

Section 309. Licenses for:

Hotel	
Annual fee	10.00
Plus each room, annual fee	.10
House Mover (Including House Raiser)	
Annual fee	10.00

Note: Only the first two pages of the ordinance are shown. Many other businesses are licensed such as house raiser, meat dealer, mechanical amusement and mechanical devices, milk distributors and plants, multiple dwellings, parking lots, pawn brokers, peddlers or solicitors, automobile accessories, and second-hand dealers.

Appendix B

Beverly Hills, California, Machine Billing and License Form

CITY OF BEVERLY HILLS

NOTICE OF BUSINESS LICENSE DUE - CLASSIFICATION "A" BUSINESS

COMPLETE AND RETURN THIS NOTICE TO: ROOM 103, CITY HALL, BEVERLY HILLS, CALIFORNIA ANY LICENSE PAID AFTER JANUARY 31 OR THE 31ST DAY FOLLOWING THE COMMENCING OF BUSINESS IN THE CITY OF BEVERLY HILLS IN THE YEAR NOTED IN UPPER RIGHT HAND CORNER OF THIS FORM WHICHEVER IS LATER, IS SUBJECT TO PENALTY OF TEN PERCENT (10%) PER MONTH UNTIL PAID. (MAXIMUM PENALTY 50%.)

AVERAGE NUMBER OF PERSONS (INCLUDING PRINCIPALS) ENGAGED IN CONDUCT OF THE BUSINESS IN YEAR _____
 LICENSE FEE: \$ 25.00 PLUS \$ 6.00 FOR EACH PERSON SHOWN ABOVE IN EXCESS OF ONE (1). \$ _____

IF THIS BUSINESS REQUIRES THE USE OF VEHICLES FOR HAULING SUPPLIES OR DELIVERING MERCHANDISE NOTE THE

NUMBER OF LICENSE TAGS NEEDED HERE: _____

BUSINESS LOCATION IF DIFFERENT FROM MAIL ADDRESS: _____

I CERTIFY THAT THE INFORMATION SUPPLIED ON THIS FORM IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

 FIRM NAME

BY: _____
 SIGNATURE TITLE
 LICENSE NO. _____

THIS NOTICE MUST BE RETURNED WITH PAYMENT.
 PLEASE DO NOT FOLD, STAPLE, CLIP OR OTHERWISE
 MUTILATE - THIS WILL CAUSE DELAY IN PROCESSING
 YOUR LICENSE.

This billing form serves as a notice of license tax due and a certification by Class A businesses (Professions and Services) of the proper tax due, computed by number of employees.

CITY OF BEVERLY HILLS

NOTICE OF BUSINESS LICENSE DUE - CLASSIFICATION "B" BUSINESS

COMPLETE AND RETURN THIS NOTICE TO: ROOM 103, CITY HALL, BEVERLY HILLS, CALIFORNIA ANY LICENSE PAID AFTER JANUARY 31 OR THE 31ST DAY FOLLOWING THE COMMENCING OF BUSINESS IN THE CITY OF BEVERLY HILLS IN THE YEAR NOTED IN UPPER RIGHT HAND CORNER OF THIS FORM WHICHEVER IS LATER, IS SUBJECT TO PENALTY OF TEN PERCENT (10%) PER MONTH UNTIL PAID. (MAXIMUM PENALTY 50%.)

GROSS RECEIPTS FROM BUSINESS IN _____ \$ _____
 LICENSE FEE @ \$ 0.50 PER \$1,000.00 OF GROSS RECEIPTS (MINIMUM FEE \$ 25.00) _____

IF THIS BUSINESS REQUIRES THE USE OF VEHICLES FOR HAULING SUPPLIES OR DELIVERING MERCHANDISE NOTE THE

NUMBER OF LICENSE TAGS NEEDED HERE: _____

BUSINESS LOCATION IF DIFFERENT FROM MAIL ADDRESS: _____

I CERTIFY THAT THE INFORMATION SUPPLIED ON THIS FORM IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

 FIRM NAME

BY: _____
 SIGNATURE TITLE
 LICENSE NO. _____

THIS NOTICE MUST BE RETURNED WITH PAYMENT.
 PLEASE DO NOT FOLD, STAPLE, CLIP OR OTHERWISE
 MUTILATE - THIS WILL CAUSE DELAY IN PROCESSING
 YOUR LICENSE.

BM L13066

This billing form serves as a notice of license tax due and a certification by Class B businesses (Retail, Wholesale, Manufacturing) of the proper tax due, computed by gross receipts.

CITY OF BEVERLY HILLS BUSINESS LICENSE

FOR CALENDAR YEAR _____

THIS LICENSE IS EVIDENCE THAT THE PERSON OR FIRM INDICATED BELOW HAS PAID TO THE CITY OF BEVERLY HILLS THE APPROPRIATE LICENSE FEE FOR THE CONDUCT AND OPERATION OF A BUSINESS AS INDICATED HEREON PURSUANT TO THE PROVISIONS OF CHAPTER IX OF THE BEVERLY HILLS MUNICIPAL CODE.

THIS LICENSE IS NOT TRANSFERABLE AND MUST BE DISPLAYED IN THE PLACE OF BUSINESS.

BUSINESS LOCATION-IF DIFFERENT FROM MAIL ADDRESS: _____

Raymond Wood
 DIRECTOR OF FINANCE

 LICENSE NO.

 AMOUNT OF FEE PAID \$

BM L13064

Actual Revenue license for all businesses -- also a punched card.

Appendix C

Park Ridge, Illinois, General Regulatory Business License

CITY OF PARK RIDGE, ILLINOIS

No. _____

APPLICATION FOR BUSINESS LICENSE

June 1, 1959 to May 31, 1960

I hereby make application to conduct the following business in the City of Park Ridge, Illinois.

SIGNATURE _____

CLASSIFICATION _____

ANNUAL FEE _____

BUILDING DEPT. APPROVAL _____

BUSINESS
NAME _____BUSINESS
ADDRESS _____

B.A.T. FORM 6-59

POLICE DEPT. COPY

Fee Classification

Floor Area (Sq. Ft.)	A	B	C	Step
0-1,000 -	\$35.00	\$30.00	\$20.00	1
1,000-5,000	55.00	35.00	30.00	2
5,000-10,000	75.00	45.00	40.00	3
10,000-20,000	130.00	75.00	60.00	4
20,000 +	150.00	110.00	90.00	5

No. _____

\$ _____

BUSINESS
LICENSE
RECEIPT

6/1/59 — 5/31/60

BUSINESS
LICENSE

6/1/59 — 5/31/60

City of Park Ridge, Ill.

OFFICE COPY

City of Park Ridge, Ill.

APPLICANT'S COPY

This form combines application; approval of application, the actual license, and a copy for the city's records.

